

Message Text

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PAGE 01 PORT M 00825 130418Z

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ACTION EA-09

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R 130032Z AUG 76

FM AMEMBASSY PORT MORESBY

TO USDOC WASHDC

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UNCLAS PORT MORESBY 0825

E.O. 11652: NA

TAGS: BEXP, BDIS, PP

SUBJ: LOCAL BUSINESSMAN SEEKS DIRECT SALES OF KODAK PRODUCTS

1. GEORGE PAGE PTY. LTD., LARGEST PNG DEALER OF FILM AND FILM EQUIPMENT, HAS REQUESTED EMBASSY ASSISTANCE IN OBTAINING FILM AND EQUIPMENT FROM KODAK THROUGH DIRECT PURCHASE IN THE U.S. RATHER THAN THROUGH AUSTRALIA WHICH ADDS VERY SIGNIFICANT MIDDLEMAN PRICE WITH NO BENEFITS.
2. EXPORT MANAGER FOR PAGE AND OWNER'S SON VISITED EMBASSY REQUESTING ASSISTANCE. PAGE HAS BEEN STEADILY LOSING ITS US\$4,000 TO US\$5,000 MONTHLY FILM MARKET TO JAPANESE PRODUCTS SINCE THESE SELL FOR LESS. FOR EXAMPLE, KODAK C126 COLOR HAS A LANDED COST OF K.59, WHOLESALE OF K1.99 AND RETAIL OF K2.58 (AUSTRALIAN SUGGESTED RETAIL IF K2.09). FUJI HAS A LANDED COST OF K.99, WHOLESALE OF K1.35 AND RETAIL OF K1.95. QUALITY OF PRODUCTS ARE SIMILAR.
3. PAGE WOULD MUCH PREFER DEALING DIRECT WITH U.S. AND WE BELIEVE IF KODAK IS TO RETAIN ITS PRESENT SHARE OF THE MARKET THAT IT SHOULD RECONSIDER ITS PRESENT POSITION OF INCLUDING PNG IN AUSTRALIAN SALES AREA.
4. FURTHER PROBLEM IS THAT INSTEAD OF EXPORTING KODAK PRODUCT FROM AUSTRALIA AT FOB PRICES THEY INSIST ON PUTTING FULL PRICE (CURRENT DOMESTIC VALUE) WHICH MAKES FOR HIGHER DUTY PAID HERE. DUTY RATE IS 47.5 PER CENT.

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5. ACTION REQUESTED: PLEASE CONTACT APPROPRIATE KODAK

OFFICIAL AND DISCUSS POSSIBILITY OF PNG WHOLESALERS DEALING DIRECTLY WITH U.S. SELLERS RATHER THAN THROUGH AUSTRALIANS. IF KODAK IS UNWILLING TO CONSIDER CHANGES IN ITS PRESENT SALES ARRANGEMENTS, THEY SHOULD BE URGED TO NOTIFY THEIR AUSTRALIAN DEALERS TO PUT FOB PRICES ON EXPORTS TO PNG RATHER THAN THE CDV. THIS, AT LEAST, WOULD PROVIDE A SMALL REDUCTION AND MAKE THEIR PRODUCT SOMEWHAT MORE COMPETITIVE.

6. FYI: EMBASSY IS AWARE OF ONE DEALER IN PORT MORESBY WHO NOW REFUSES TO SELL KODAK AND IS COMPLETELY STOCKED WITH JAPANESE PRODUCTS. THIS DEALER WAS SOLD ON KODAK PRIOR TO PRODUCT PRICE ESCALATION DUE TO RISING PRICES IN AUSTRALIA AND NOT RPT NOT RISING KODAK PRICES IN THE U.S. OR HONG KONG (WHERE HE SOURCED ILLEGALLY BEFORE BEING CAUGHT).
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